



North Carolina Procurement Transformation

NC E-Procurement Ariba Buyer Upgrade August 2011



Agenda

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 - Background & Benefits
 - Key Objectives, Scope, & Timeline
 - New Features & Functionality
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Background

The Procurement Transformation Project included an assessment of the State's current procurement technology environment and presented options for improvement. This included a recommendation to upgrade the current E-Procurement System to the Ariba 9r1 platform.

Transformation Recommendation Approach:

- During the evaluation process, the team:
 - ☑ Gathered inputs from previous assessments, recent audit reports, system documentation and architecture diagrams, usage statistics
 - ☑ Performed External Assessment (Accenture Technology Team)
 - ☑ Conducted Internal Assessment (Various State Representatives)
 - ☑ Conducted workshops to review challenges, opportunities and confirm requirements
 - ☑ Confirmed key criteria for evaluating potential solutions with State project leadership
 - ☑ Evaluated tier-1 solutions that could meet requirements and are proven at scale for an organization as large and complex as State of North Carolina
 - ☑ Documented other opportunities in addition to the base buying tool platform
 - ☑ Developed and presented the final recommendation



Key Criteria for Tool Recommendation

- A. The implementation of the solution must work to **minimize total cost of ownership** for the State.
- B. Technology is a key enabler of the State's strategic procurement initiatives. The State should **focus our effort and resources in areas where requirements are not currently being met.**
- C. Because of the broad user base of this application, the State wishes to **leverage all its existing technology** to the fullest extent possible.
- D. The State should strive to provide a solution that **maximizes usability (user friendliness and performance)** for all participants and minimizes technology change management for end users.
- E. The adopted solution must be able to **meet public sector and North Carolina specific requirements**, including support of technical validation, internal controls and compliance.
- F. The State should adopt technology solutions that are **proven at scale, reflective of NC transaction, data, user, and vendor volumes**, as well as related cost impacts to the State.
- G. The adopted solution should **maintain current level of participation and allow for expansion**, including other statutorily allowed entities (e.g. universities, local education authorities, and municipalities).
- H. The adopted solution must provide the **flexibility to expand functional scope** of E-Procurement (e.g. invoice processing), and to provide integrated capabilities with Sourcing tools, Contract Management and Vendor Management.
- I. The solution must **support information exchange with other initiatives** supporting business transparency such as NC OpenBook.
- J. The State should select **established and financially stable technology providers** and implement **solutions that are viable for 10+ years.**



Recommendation Summary

Recommendation:

It's recommended that Ariba Buyer be retained and upgraded as the core E-Procurement system for the State of North Carolina and affiliated entities.

Rationale:

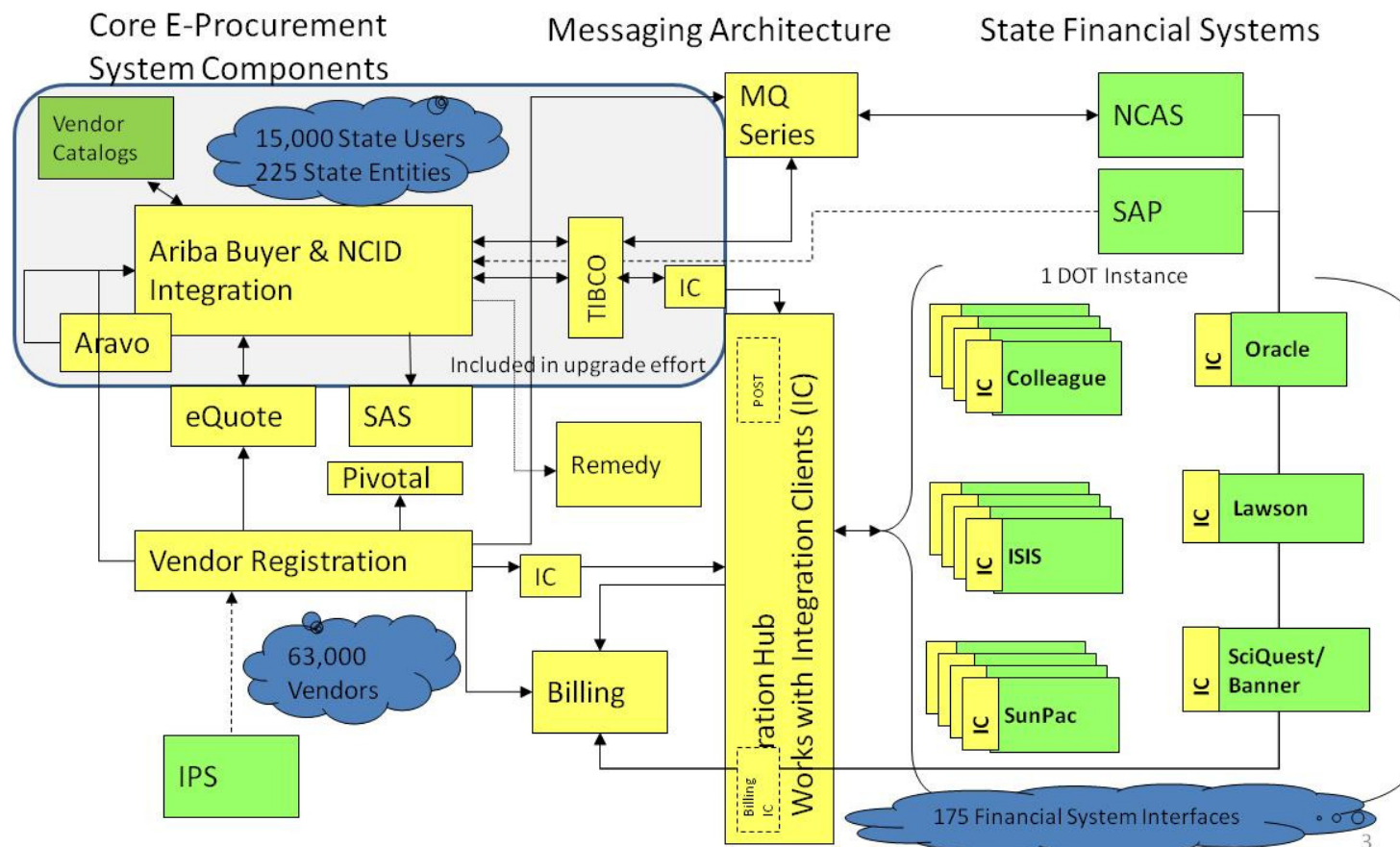
- The current system is meeting the majority of the core procurement needs, with the exception of a few areas (e.g. catalog search) that can be addressed in the upgrade.
- It is cost prohibitive to do a full-scale replacement of the current platform with a different solution when there are little to no incremental benefits.
- This recommendation best leverages existing technology investment, including the interface to NCAS, NC OpenBook as well as interface to community colleges and LEA's
- There is currently no committed plan or funding to implement a core Financial Suite such as SAP or Oracle (e.g. doing a second phase of Beacon for SAP Financials).
- Upgrading the current system, as opposed to doing a full-scale replacement, allows the State to focus effort and resources on addressing more strategic areas such as reporting and contract management.



Scope

E-Procurement System

Component Overview





Key Objectives

The Ariba Buyer Upgrade Project provides an opportunity to improve the NC E-Procurement application, driving increased user satisfaction and compliance

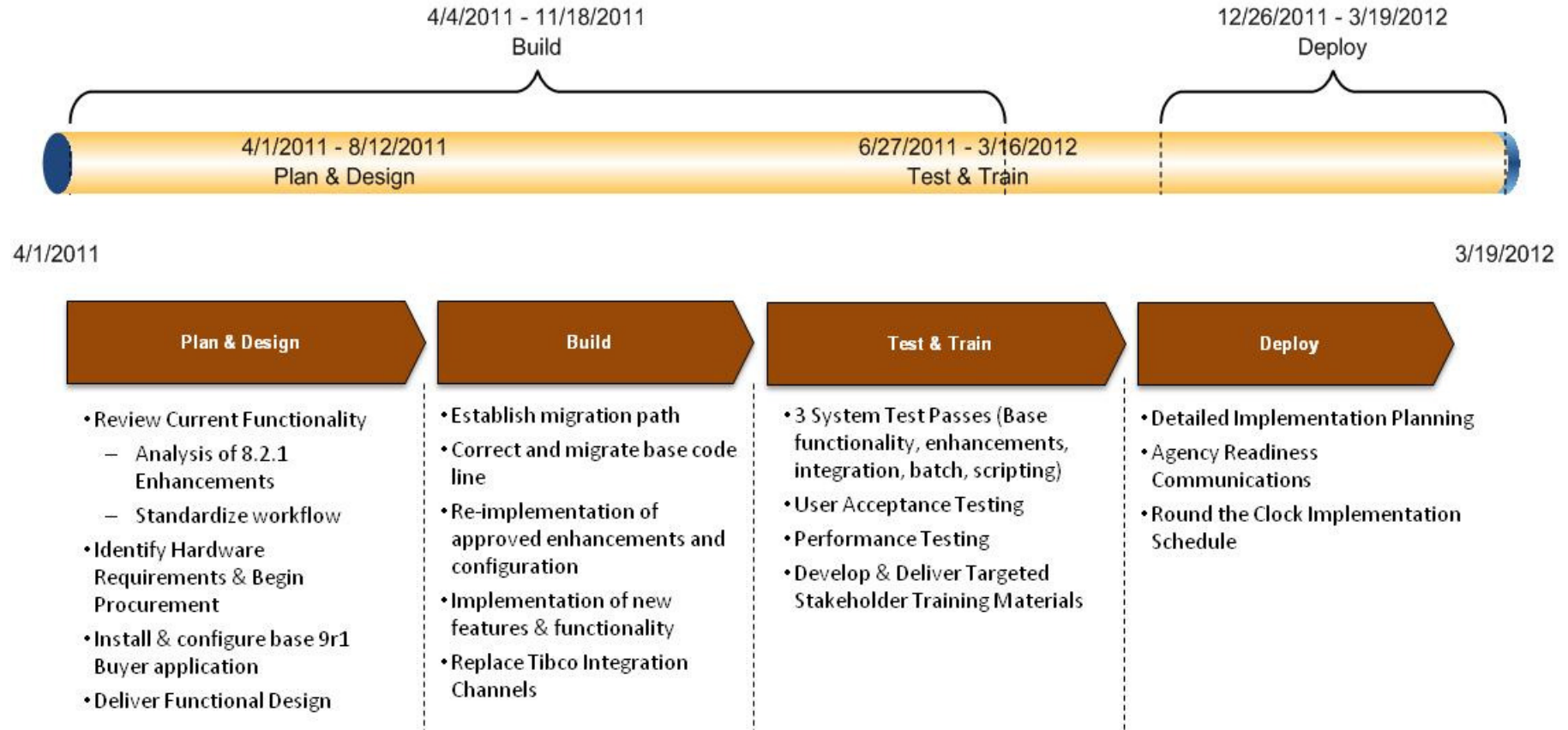
The upgrade provides opportunities for:

- **Workflow optimization** to increase requisition process efficiency while maintaining required accountability.
- **Reviewing existing customizations to the COTS software** with a focus on replacing them with out of the box functionality in 9r1 where possible.
- **Improving catalog functionality** to provide better catalog adoption and search.
- **Using NCID** to streamline login authentication process for E-Procurement users.



Timeline & Approach

The upgrade will take place over the course of 11 months, with a focus on key objectives, maintaining compatibility with existing system interfaces, and facilitating a smooth user transition



Communication is Key



New Features & Functionality

The Ariba Buyer Upgrade project will provide new features and functionality to make purchasing processes easier for all users, including:

- Dashboard Style Home Page
 - Easy access to Unified Search, My Documents, and To Do content
- New “To Do” Content Portal
 - Gives quick visibility to required actions
- Standard Folders Replaced
 - Items moved to Dashboard
- Personal Folders Replaced with “My Labels”
 - Users can tag favorite documents, using keywords, to be retrieved using the Unified Search content screen
- Requisitioning made easier
 - No more wizards, select the item you need and add it to your cart



New Features & Functionality

- Catalog Enhancements
 - Stem searches finds words that contain part of the specified search word (e.g. “battery” will search for “battery” and “batteries”)
 - Fuzzy search returns exact and highly relevant matches even though search argument words and spellings may not exactly match
 - Side-by-side catalog item comparison
- Enhanced History Tab
 - Provides an audit trail for edits and deletion of comments and attachments
- Set Tax Rate by Entity
 - The team will work with each entity to identify and set a default tax rate, specific to their entity



Workflow Standardization

The Ariba Buyer Upgrade provides new features and functionality to make purchasing processes easier for all users, including:

Winter 2011: Transformation Team recommends requisition workflow simplification

- Existing rule set was complex to maintain, difficult to understand, and had significant duplicate functionality
- Approval flows differed significantly by agency
- Opportunity existed to improve business processes by reducing cycle time and allowing professional buyers to focus on more strategic requisitions

Early Summer 2011: E-Procurement Upgrade Team recommends new approval rule set

- Combined 26 existing rules into 6 new rules while increasing flexibility and process performance
- Met with purchasing professionals from 23 state agencies to gather feedback on the new rule set
- Incorporated feedback and submitted the final recommendations to the State for acceptance

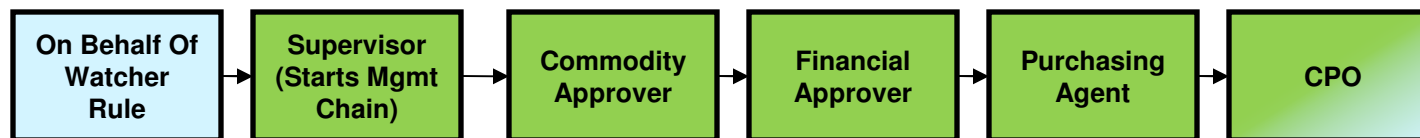
Next steps: Work with each agency to configure new rules to meet their specific needs

- Use approval flow upgrade as an opportunity to align procurement processes with leading practices
- Utilize Approval Rule Configuration Form to streamline configuration set-up



Workflow Standardization

The new approval flow facilitates an effective procurement approval process for the State of North Carolina. It can allow procurement professionals to focus on more critical strategic initiatives.



- Use of “On Behalf Of” will always assign a watcher, but never an approver
- Agency Security Administrators should set appropriate management levels throughout the Supervisor Chain to provide the right level of oversight with a reasonable approval flow
- Commodity Approvers are triggered by a combination of 5-digit NIGP code and dollar threshold
- Financial Approvers are mapped by cost center and triggered dollar threshold
- Purchasing Agent groups are mapped by commodity code
 - Agencies with only 1 Purchasing Agent group can map to all commodities with a single entry
- Purchasing Agents approve all non-catalog requisitions to ensure policy compliance
- Optional rule allows Purchasing Agents to approve catalog requisitions over a combination of commodity code and dollar threshold (i.e. Purchasing Agent approves catalog items over \$10,000.00)
- Chief Procurement Officers can be added to flow as a watcher or an approver based on a combination of commodity and dollar threshold (i.e. CPO approves requisitions greater than \$25,000.00)



NCID Interface

Single point of administration and control for simplified management and standardized processes for the State, agencies, end users, and customer applications

- **Benefits**
 - **Users will begin to leverage their NCID** user ID and password when logging in to the Buyer E-Procurement application
 - **Improved security** through better policy management and consistent requirements for applications such as username standards, password complexity, security questions, and password history
 - **Robust user management features** such as user ID and password recovery, account locking and unlocking, streamlined user management for delegated administrators, and enhanced user reporting
 - **Seamless transition** for most E-Procurement users by minimizing application changes to the user interface such as the log-in page and the user maintenance eForm



NCID Interface

Robust technical changes will support streamlined functional enhancements.

- Changes for the Users
 - Users will now log in to E-Procurement leveraging their NCID user ID and password.
 - Management of that user account will now be performed in NCID (e.g. forgot password or password changes).
 - E-Procurement User Maintenance eForm requires NCID.
 - E-Procurement will display new, custom error messages depending upon the results returned by NCID and refer users to the appropriate channels for assistance.
- Communication & Training Efforts
 - Educate stakeholders and users of the transition to leverage NCID user ID's and passwords to access E-Procurement
 - Targeted communication and training efforts for agency security administrators
 - Included in the Stakeholder Readiness Checklist & Communications
 - Organization creation, validation, and sign-off of user mappings will be needed



Historical Data Approach

Historical data from the existing NC E-Procurement system will not be converted to the new Buyer 9r1 application. The current application will remain available with read only access so historical data can be referenced.

- Decision Factors
 - Starting with a fresh installation and database provides an opportunity to establish a performance response baseline and to define and improve ongoing data management processes.
 - Historical data will still be accessible to end users for reference through the current Ariba application, as well as within NCAS.
 - 10 years of historical purchase order data not strategically useful
- Impacts to System End Users
 - Users will have to access the old Ariba system to reference historical transactions.
 - Open or In-Flight transactions will need to be managed in the old Ariba system to complete or close transactions prior to implementation of new system.
 - In-Flight transactions that were not completed or closed in the old system may need to be re-created in the new Ariba application.



Historical Data Approach: “In-Flight” Transactions

Open transactions in Ariba and NCAS are being assessed to determine the approach for handling these transactions as part of the upgrade process.

- **Current Activities**
 - The NC E-Procurement team, including DOA, OSC and ITS resources are working to define an overall approach for addressing in-flight transactions.
 - Options include a combination of open transaction management by end users and automated solutions to close open transactions in Ariba and NCAS.
 - Querying Ariba and NCAS and comparing results to determine the scope and number of open transactions that need to be addressed.
 - Researching options for systematically closing in-flight transactions.
- **Decision Criteria**
 - Scope and number of open transactions that need to be available in new system.
 - Technical capabilities of Ariba and NCAS.
 - Impact to agencies and end users.



Training & Readiness Approach

Training for the new features and functionality will be available to all users to enable a smooth and successful transition to the new platform. Stakeholder readiness activities include a strategy and framework to effectively gauge the readiness of impacted organizations and employees for the upgrade.

- Agency Readiness Communications & Plans
- “What’s New Training”
- Updated Job Aids
- Webex Sessions
- Dedicated training environment





Questions?